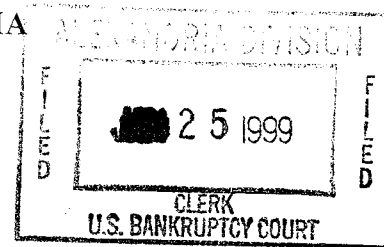


UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
(Alexandria Division)



In re:

CHEF GARCIA FOODS, INC.

Debtor.

Case No. 98-16522
(Chapter 11)

**ORDER GRANTING DEBTOR'S MOTION FOR AUTHORITY TO SELL
BY PUBLIC AUCTION EQUIPMENT, FURNITURE, AND INTELLECTUAL
PROPERTY FREE AND CLEAR OF LIENS AND ENCUMBRANCES,
PURSUANT TO 11 U.S.C. §§ 363(b) AND 363(f)(2), AND TO
REMIT PROCEEDS TO SECURED CREDITORS**

THIS MATTER came before the Court on January 12, 1999 upon the Debtor's Motion for Authority to Sell by Public Auction Equipment, Furniture, and Intellectual Property Free and Clear of Liens and Encumbrances, Pursuant to 11 U.S.C. §§ 363(b) And 363(f)(2), and to Remit Proceeds to Secured Creditors ("Motion"), filed on December 23, 1998, seeking, authority (a) to sell by public auction all of its equipment, furniture and miscellaneous tangible property, including without limitation, its property located at Debtor's production facility ("Facility") at 7608 Fullerton Road, Springfield, Virginia, and its intellectual property including, without limitation, its name, trademarks, and recipes, free and clear of all liens, claims, and encumbrances, and (b) to remit net proceeds of the auction sales to The Riggs National Bank of Virginia ("Riggs") and The First National Bank of Maryland ("FNB") in full or partial satisfaction of Riggs' and FNB's secured claims in this case, and it

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APPEARING that all creditors or their counsel and the Office of the United States Trustee have received adequate notice of the Motion by first class mail, telecopy, or both; and it further

APPEARING that Fairfax County, Virginia ("Fairfax") filed an objection to the Motion on the grounds that it failed to address Fairfax's alleged lien interests in the Debtor's property arising from the Debtor's failure to pay prepetition personal property taxes; and it further

APPEARING that the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on September 3, 1998 and is continuing in the management and possession of its business and property as a debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code; and it further

APPEARING that the terms of the proposed sale are fair and reasonable and that the sale will benefit the Debtor, its estate, and its creditors; and it further

APPEARING that this Court has jurisdiction to enter this order pursuant to 28 U.S.C. §§ 157 and 1334, and that consideration of the Motion constitutes a "core proceeding" as defined in 28 U.S.C. §§ 157(b)(2)(A), (M) and (O); and it further

APPEARING that the Debtor, FNB, Riggs, and Fairfax have resolved the issues raised by Fairfax's objection to the Motion; and it further

APPEARING that adequate and sufficient cause has been shown to justify the granting of the relief requested herein, it is accordingly:

ORDERED that:

1. The Motion is granted subject to the provisions set forth below.
2. Under the circumstances of this chapter 11 case, good and sufficient notice of the relief requested in the Motion and the hearing requesting entry of this order have been provided

and any requirement for other and further notice shall be, and it hereby is, dispensed with and waived.

3. The Debtor is hereby authorized to sell as soon as reasonably possible, by public auction, all of its equipment, furniture, and miscellaneous tangible property (but excluding inventory and accounts) located at the Facility, together with its equipment currently in the possession of Standard Foods, Inc. in the State of Kentucky, and its intellectual property, utilizing Michael Fox International, Inc. ("Michael Fox") to promote and conduct the auction sale on the terms set forth in the Asset Recovery proposal between the Debtor and Michael Fox.

4. Debtor is authorized and directed to remit to FNB all net proceeds of the sale of the property subject to FNB's first-priority security interests and to remit to Riggs all net proceeds of the sale of the property subject to Riggs' first-priority security interests, provided, that under no circumstances will the Debtor remit to FNB or Riggs an amount greater than the full amount of their allowed claims in this case, and provided further that, notwithstanding the security interests of FNB and Riggs, Fairfax shall receive from the net proceeds of the sale the sum of \$11,278.04 (constituting that portion of Fairfax's claim entitled to priority under 11 U.S.C. §507(a)), which amount shall be paid on a prorata basis from the sale proceeds that would otherwise be paid to FNB and Riggs, unless the sale generates sufficient net proceeds to satisfy the secured claims of FNB and Riggs, in which case Fairfax shall be paid first from the proceeds of the sale in excess of the amounts due FNB and Riggs on account of their perfected secured claims in this case.

5. The sales of the equipment, furniture, miscellaneous tangible property, and intellectual property authorized by this Order shall be free and clear of all liens, claims and

encumbrances, with any and all such liens, claims, and encumbrances attaching to the proceeds of the sales.

Dated: January _____, 1999

1/25/99

MARTIN V. B. BOSTETTER, CHIEF JUDGE

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NOTICE OF JUDGMENT OR ORDER

Entered On Docket

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Dated: January ____, 1999

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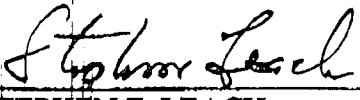
Counsel to The Riggs National Bank of Virginia

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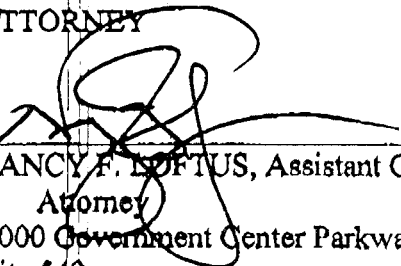
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